NEW ZEALAND'S

Port for the Future

PORT OF TAURANGA

INTERIM REPORT 2008

Interim Report 2008

FINANCIAL PERFORMANCE AND DIVIDENDS

Directors are pleased to report a robust result for the six months ended 31 December 2008, with a net profit after tax of $22.540 million for the Group – a 10% increase on last year's result.

Directors have maintained the interim dividend payment at nine cents per share, fully imputed and payable on 27 March 2009, to shareholders of record on 13 March 2009.

The Company continues to maintain a very strong balance sheet with a debt to debt plus equity ratio of 29% and an interest cover of 4.8 times. During the period we rolled over a $35 million debt facility, expiring on 31 December 2008, for a further year, with the remaining $225 million of debt maturing on 31 December 2010. Our net borrowings at 31 December 2008 were $202.9 million.

TRADE

Total trade for the period was up 6% to 6.940 million tonnes, with container volumes also up 6% to 289,600 twenty foot equivalent units (TEUs).

Noteworthy variances contributing to the increase in trade included: log exports up 26%, sawn timber exports up 9%, wood pulp exports up 18%, frozen meat exports up 13%, bulk liquid imports up 25%, coal imports up 48% and palm kernel imports up 87% on the previous year.

Associate Company income was up 16% on the previous year, largely due to an excellent result from Northport.

BUSINESS HIGHLIGHTS

- Trade and container volume growth of 6% on the prior corresponding period.
- Log export growth of 26% on the prior corresponding period.
- Consolidating our relationship with Carter Holt Harvey throughout the period, which has just culminated in a long-term operating agreement whereby Carter Holt Harvey commits an agreed annual cargo through the Port. The agreement also includes the sale to Port of Tauranga by Carter Holt Harvey of a leasehold interest in a 2.6 hectare Mount Maunganui wharf store and 1.8 hectares of freehold land immediately adjacent to the wharf area.
- Working in partnership with KiwiRail to increase capacity and enhancing service levels on the MetroPort Auckland rail operation, with the introduction of 60 new generation wagons, and the construction of three passing loop extensions doubling the route capacity on the Tauranga to Hamilton line.
- ABB Grain commissioning their new purpose built 9,000m^2 warehouse on Port land (providing in excess of 50,000 tonnes storage capacity).
- The Company operating for six months without incurring any Lost Time Injuries to staff.
- The Company being nominated as one of three finalists for New Zealand Business of the Year in the Deloitte's/Management Magazine Top 200 Companies Awards.

FUTURE OUTLOOK

It is trite to say that 2009 is going to be a challenging year for the business.

Management have continued a strong focus on costs and are currently implementing a range of cost reduction initiatives. We are not shying away from investing for future growth however, having just bolstered our strategic landholdings by a further 4.4 hectares, following the recent execution of the Carter Holt Harvey partnership agreement. This now brings our total landholdings to 185 hectares, including an additional 13.7 hectares of land added over the last twelve months.

We will be lodging resource consent applications to dredge our harbour channels and sitting basins to 14.5 metres draught (all tides) in the next few months. Our new ship to shore gantry crane is on schedule and will be commissioned in July 2009.

The Company's positioning strategies have insulated the Company to a degree and our increasingly diverse trade mix is relatively defensive. On that note, it is pleasing to see a strong increase in cart-in of forestry cargo over the last month.

Whilst fuel costs, exchange rates, and shipping rates are all moving in the exporter's favour, demand will be the key driver for 2009. It remains very difficult to accurately forecast the remaining half of this financial year, with our customers not having much visibility on demand outlook, but at this stage we expect to post a full year result similar to last year's earnings.

Our business fundamentals remain strong and our relative competitive advantages are strengthening – the Company is well poised to be New Zealand's Port for the Future.

John S Parker
CHAIRMAN

Interim Income Statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	(Unaudited) Six Months Ended 31 December 2008 Group NZ$000	(Unaudited) Six Months Ended 31 December 2007 Group NZ$000	(Audited) Year Ended 30 June 2008 Group NZ$000
Revenue	73,760	72,159	148,808
Other income	0	7	7
Operating income	73,760	72,166	148,815
Contracted services for port operations	(16,769)	(18,356)	(36,618)
Employee expenses	(8,426)	(7,901)	(16,118)
Depreciation and amortisation	(6,305)	(6,119)	(12,387)
Direct fuel and power expenses	(2,730)	(1,966)	(4,834)
Maintenance of property, plant and equipment	(3,054)	(2,526)	(5,512)
Other expenses	(3,144)	(3,456)	(6,407)
Operating expenses	(40,428)	(40,324)	(81,876)
Results from operating activities	33,332	31,842	66,939
Finance income	2,974	2,311	5,642
Finance expenses	(8,048)	(7,165)	(16,145)
Net finance costs	(5,074)	(4,854)	(10,503)
Share of profit/(loss) from associates and joint ventures	2,696	2,333	4,228
Profit before income tax	30,954	29,321	60,664
Income tax expense	(8,414)	(8,862)	(18,547)
Profit for the period attributable to shareholders of the Parent Company	22,540	20,459	42,117
Basic and diluted earnings per share (cents)	16.8	15.3	31.4

Interim Statement of Recognised Income and Expense

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	Note	**(Unaudited) Six Months Ended 31 December 2008 Group NZ$000**	**(Unaudited) Six Months Ended 31 December 2007 Group NZ$000**	(Audited) Year Ended 30 June 2008 Group NZ$000
Movements in cash flow hedge reserve, net of tax		**(9,667)**	**114**	**(1,994)**
Income and expense recognised directly in equity		**(9,667)**	**114**	**(1,994)**
Profit after tax		**22,540**	**20,459**	**42,117**
Total recognised income and expense for the period	7	**12,873**	**20,573**	**40,123**

Interim Statement of Financial Position

AS AT 31 DECEMBER 2008

	Note	(Unaudited) 31 December 2008 Group NZ$000	(Unaudited) 31 December 2007 Group NZ$000	(Audited) 30 June 2008 Group NZ$000
Assets				
Property, plant and equipment		**800,141**	788,229	789,482
Investment properties		**440**	440	440
Intangible assets		**4,083**	4,562	4,315
Advances and receivables		**31,022**	32,934	31,982
Investments in associates and joint ventures		**35,690**	35,957	37,056
Derivative financial instruments		**0**	5,710	2,853
Total non current assets		**871,376**	867,832	866,128
Cash and cash equivalents		**4,245**	709	1,664
Receivables and prepayments		**18,069**	24,594	25,245
Inventories		**54**	34	449
Derivative financial instruments		**1,001**	305	1,333
Current tax assets		**0**	0	607
Total current assets		**23,369**	25,642	29,298
Total assets		**894,745**	893,474	895,426
Equity				
Share capital	7	**67,966**	67,965	67,966
Other reserves	7	**538,391**	550,166	548,058
Retained earnings	7	**24,280**	13,591	23,186
Total equity attributable to shareholders of the Parent Company		**630,637**	631,722	639,210
Liabilities				
Loans and borrowings		**207,100**	185,747	172,381
Derivative financial instruments		**8,981**	0	0
Provisions		**691**	621	691
Deferred tax liabilities		**33,584**	39,066	37,838
Total non current liabilities		**250,356**	225,434	210,910
Loans and borrowings		**223**	0	30,000
Trade and other payables		**10,515**	32,445	14,252
Provisions		**858**	942	1,054
Provision for tax		**2,156**	2,931	0
Total current liabilities		**13,752**	36,318	45,306
Total liabilities		**264,108**	261,752	256,216
Total equity and liabilities		**894,745**	893,474	895,426

Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	(Unaudited) Six Months Ended 31 December 2008 Group NZ$000	(Unaudited) Six Months Ended 31 December 2007 Group NZ$000	(Audited) Year Ended 30 June 2008 Group NZ$000
Cash flows from operating activities			
Cash inflows	**80,769**	70,432	145,072
Cash outflows	**(51,010)**	(45,706)	(96,082)
Net cash from operating activities	**29,759**	24,726	48,990
Cash flows from investing activities			
Cash inflows	**6,059**	5,094	9,707
Cash outflows	**(16,733)**	(2,228)	(34,732)
Net cash (used in)/from investing activities	**(10,674)**	2,866	(25,025)
Cash flows from financing activities			
Cash inflows	**4,942**	2,657	19,302
Cash outflows	**(21,446)**	(32,168)	(44,231)
Net cash used in financing activities	**(16,504)**	(29,511)	(24,929)
Net increase/(decrease) in cash and cash equivalents	**2,581**	(1,919)	(964)
Add opening cash brought forward	**1,664**	2,628	2,628
Ending cash carried forward	**4,245**	709	1,664
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**22,540**	20,459	42,117
Add non cash and non operating items	**1,694**	1,684	4,618
Add/(less) movements in working capital	**5,525**	2,583	2,255
Net cash flows from operating activities	**29,759**	24,726	48,990

Notes to the Interim Financial Statements

AS AT 31 DECEMBER 2008

1 REPORTING ENTITY

Port of Tauranga Limited (the "Parent Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Parent Company is an issuer in terms of the Financial Reporting Act 1993.

The unaudited interim financial statements (the "financial statements") for the Port of Tauranga Limited comprise the Port of Tauranga Limited and its subsidiary and the Group's interest in associates and joint ventures (together referred to as the "Group").

Port of Tauranga Limited is involved in providing and managing port services and cargo handling facilities (Port Operations).

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. They do not include all information required for full annual financial statements and should be read in conjunction with the annual financial statements and related notes included in Port of Tauranga Limited's Annual Report for the year ended 30 June 2008.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2008.

4 COMPARATIVE FINANCIAL INFORMATION

Comparative figures have been adjusted to comply with the current years presentation of the financial statements. This is the result of a rail services agreement, amounting to $3.583 million, which was classified as receivables and prepayments in the 31 December 2007 interim financial statements ($2.926 million term and $0.657 million current) and is now reclassified as an intangible asset.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with NZ IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the Group's consolidated financial statements for the year ended 30 June 2008.

Notes to the Interim Financial Statements

AS AT 31 DECEMBER 2008

6 DIVIDENDS

The following dividends were paid by the Group:

	Six Months Ended 31 December 2008 NZ$000	Six Months Ended 31 December 2007 NZ$000
Final dividend of 16.0 cents per share (2007: 14.0 cps)	**21,446**	18,765
Special dividend 0.0 cents per share (2007: 10.0 cps)	**0**	13,403
	21,446	32,168

7 CAPITAL AND RESERVES

	Share Capital NZ$000	Hedging Reserve NZ$000	Revaluation Reserve NZ$000	Share-Based Payment Reserve NZ$000	Retained Earnings NZ$000	Total NZ$000
Balance at 30 June 2007	**67,759**	**4,416**	**545,636**	**200**	**25,300**	**643,311**
Total recognised income and expense	0	114	0	0	20,459	20,573
Increase in paid up capital	206	0	0	(200)	0	6
Dividends to shareholders	0	0	0	0	(32,168)	(32,168)
Balance at 31 December 2007	**67,965**	**4,530**	**545,636**	**0**	**13,591**	**631,722**
Total recognised income and expense	0	(2,108)	0	0	21,658	19,550
Issue of share capital	1	0	0	0	0	1
Dividends to shareholders	0	0	0	0	(12,063)	(12,063)
Balance at 30 June 2008	**67,966**	**2,422**	**545,636**	**0**	**23,186**	**639,210**
Total recognised income and expense	0	(9,667)	0	0	22,540	12,873
Dividends to shareholders	0	0	0	0	(21,446)	(21,446)
Balance at 31 December 2008	**67,966**	**(7,245)**	**545,636**	**0**	**24,280**	**630,637**

8 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and Disposals

During the six months ended 31 December 2008, the Group acquired assets with a cost of $16.733 million (six months ended 31 December 2007: $27.219 million).

9 RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2008 the Parent Company has had the following transactions with related parties:

C3 Limited (associate company)			
- Income	**$784,809**	(2007: $718,110)	Vessel charges, rentals, IT services.
- Expenses	**$4,820,340**	(2007: $4,241,719)	Plant repairs, labour supplied.

During the six months ended 31 December 2008, the Group entered into transactions with companies in which Group Directors hold directorships. These transactions have occurred on normal commercial terms.

No related party debts have been written off or forgiven during the period.

No interest is charged on advances to associates.

Advances to associates at period end are as follows:

	Six Months Ended 31 December 2008 NZ$000	Six Months Ended 31 December 2007 NZ$000
MetroBox Auckland Limited	**1,785**	1,785
Northport Limited	**647**	1,797
	2,432	3,582

9 RELATED PARTY TRANSACTIONS (CONTINUED)

Controlling Entity

Quayside Securities Limited owns 55.00% of the ordinary shares in Port of Tauranga Limited.

Quayside Securities Limited is beneficially owned by Bay of Plenty Regional Council.

Transactions with Key Management Personnel

The Group does not provide any non cash benefits to Directors and executive officers in addition to their Directors' fees or salaries.

	Six Months Ended 31 December 2008 NZ$000	Six Months Ended 31 December 2007 NZ$000
Short term employee benefits		
Directors' fees	**162**	155
Executive salaries	**1,243**	1,128

10 COMMITMENTS

	Six Months Ended 31 December 2008 NZ$000	Six Months Ended 31 December 2007 NZ$000
Capital commitments		
Estimated capital commitments for the Group contracted for at balance date but not provided for	**8,295**	24,077

Directory

DIRECTORS

J S Parker, *Chairman*
A W Baylis
A W Capamagian
J M Cronin
D A Pilkington
M J Smith
Sir Dryden Spring

EXECUTIVE

M C Cairns, *Chief Executive*
S G Gray, *Chief Financial Officer*
T H James, *Corporate Services Manager*
G J Marshall, *Commercial Manager*
A P Reynish, *Property Manager*

SHARE REGISTRY

For enquiries about share transactions, change of address or dividend payments, contact:

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Copies of the Annual and Interim Reports are available from our website.

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